



ARIZONA CORPORATION COMMISSION

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MEDIA CONTACT: Angie Holdsworth (602) 542-0844

Commission Orders Action Plan for Brooke Water Company

(Phoenix)The Arizona Corporation Commission ordered a strict action plan for Brooke Water Company LLC after a water outage last month prompting the Commission to order a thorough investigation of the company's operations and infrastructure.

Brooke Water operates six water systems and provides service to nearly 2,000 customers in La Paz County. Last month, a valve failure in the company's largest system caused several breaks on the line which resulted in hundreds of customers to lose service. At a Staff Meeting immediately following the outage, Commissioners and other state and county officials expressed concern that the manager, Robert Hardcastle, did not adequately communicate with them or the customers.

The month-long investigation by Staff into the company's equipment and operations found some deficiencies in the maintenance and a need to improve communication and customer service. Several customers called into the meeting raising problems of reaching the company's call center for service or billing issues. Others mentioned the unpleasant odor and discoloration of the water. All indicated the problems have been on-going for a long period of time.

Commissioners also learned that Hardcastle invested a small portion of funds allocated each year for improvements back into maintenance and repairs.

"This has become a profit center," said Commissioner Tom Forese. "You've created this ATM to pull out money whenever. You have cut costs to make a buck and have not taken care of the customers. Second chances are not in order because you have been doing this business for too long."

The Commission ordered Brooke Water to comply with 24 Staff recommendations for improving maintenance and communication including recoating a rusty storage tank, improving reporting procedures, and developing a website where customers can better obtain information.

The Commission adopted additional amendments by Commissioner Andy Tobin. Those amendments require the company to respond to the Staff report in two weeks and file an improvement plan by October 24th which would include developing an in-house call center and begin plant improvements. The Commission also directed Staff to move forward on the process of drafting an Order to Show Cause against Brooke Utility.

"I believe Mr. Hardcastle is not to be trusted," said Commissioner Tobin. "We need to start drafting this Order so that an interim manager can be appointed in the event Mr. Hardcastle fails to act. We will act swiftly when it comes to protecting the people of Parker." The company will be required to file a System Improvement and Budget Plan with Commission Staff and file a rate case by June 30, 2017.

"The company has been operating on a rate structure that was put in place in the 1990s," said Chairman Doug Little. "There has clearly been a failure in the company's due diligence in taking care of

the residents it serves. The company needs to file the case so we can ensure it is charging a fair rate to consumers and using its revenues appropriately to make improvements to keep the water safe.”